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SUBJECT: KAZAKHSTAN: KARIM MASIMOV NAMED NEXT PRIME MINISTER

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¶1. (SBU) Summary: President Nazarbayev named Karim Masimov Kazakhstan's new Prime Minister on January 10, replacing Daniyal Akhmetov. Masimov's nomination was approved by a joint session of Parliament the same day. Once Masimov is officially appointed to the position, he will have 10 days to recommend new Cabinet members for appointment by the President. Masimov, an economist, worked as an assistant to Nazarbayev for three years before being appointed Deputy Prime Minister in January 2006. Public reaction to the change has been modest, reflecting the widespread view that the Prime Minister enjoys relatively little power in Kazakhstan, and because a change in government has long been rumored. Although we expect that Masimov will continue to be a valuable USG interlocutor, post does not expect that his appointment will dramatically affect either our bilateral relationship or the government's near-term course. End summary.

Nazarbayev Names Masimov Next PM  
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¶2. (SBU) On January 10, President Nazarbayev named Karim Masimov as Kazakhstan's new Prime Minister, replacing Daniyal Akhmetov, who submitted his resignation on January 8. Masimov's nomination was approved by a joint session of Parliament the same day. According to press reports, the vote was unanimous in favor of Masimov. Eleven members of the Mazhilis did not take part in the session.

¶3. (SBU) Once Nazarbayev formally appoints Masimov - which may occur later today - Masimov will have 10 days in which to recommend new Cabinet members for appointment by the president. Prior to this appointment, Masimov served as Deputy Prime Minister (and simultaneously for several months as Minister of Economy and Budget Planning), where he handled economic issues and provided overall strategic direction for the government. Masimov, who worked as an assistant to Nazarbayev for three years prior to becoming Deputy Prime Minister, appears to have excellent access to Nazarbayev, as well as rumored close relations with influential presidential son-in-law Timur Kulibayev.

Other Cabinet Changes  
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¶4. (SBU) Kazakhstan Today reported that President Nazarbayev told the joint session of parliament that Daniyal Akhmetov had accepted his offer to become the first civilian Minister of Defense. Nazarbayev also said that he would nominate Minister of Economy and Budget Planning Aslan Musin to replace Masimov as Deputy Prime Minister. Musin, until recently akim of Atyrau Oblast, has little Astana experience but is known as an energetic and loyal supporter of the president. These appointments will not take effect until the presidential decree appointing all of the new cabinet members is

issued.

#### President Consults with Ruling Party

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15. (SBU) On January 8, just hours after Akhmetov's resignation, President Nazarbayev consulted with leaders of the ruling Nur Otan party on the nomination of a new Prime Minister and Cabinet. (Note: Nur Otan holds approximately 90% of parliamentary seats. End note.) Although there was no official announcement, Nur Otan party Chief of Staff Yermek Kuserbayev confirmed to visiting desk officer and Pol-Econ chief that Masimov's candidacy had been proposed during the meeting. The next day, Nur Otan's parliamentary members met to discuss Masimov's candidacy, as well as the composition of a new Cabinet. Both meetings were widely publicized in the media as the first occasion in Kazakhstan's history in which the President consulted with a political party on the appointment of a new Cabinet.

#### Speculating on Reasons for Change

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16. (SBU) Local media has downplayed the importance of the change, pointing out that the Prime Minister's powers are eclipsed by those of President Nazarbayev. Numerous analysts suggest that Akhmetov's resignation was driven by his Cabinet's failure to address key macro-economic issues, including inflation (the National Bank has issued a preliminary 2006 inflationary estimate of 8.5%) and anti-monopoly regulation. Last January's cabinet change - in which Masimov was brought on as Deputy Prime Minister, among other moves - is now widely seen, in retrospect, as having stripped Akhmetov of key portions of the economic portfolio, perhaps foretelling his eventual resignation. Other analysts see Masimov's appointment as a sign that the future government will concentrate on economic reform, leaving the issue of political reform to the Democratization Commission.

#### Biographical Data

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17. (SBU) Masimov (an ethnic Uighur, born 6/15/65), studied at Moscow University of People's Friendship, the Beijing Language Institute, and the Kazakhstan State Economics University, from which he received a doctorate in economics in 1995. In 1991 he worked as Legal Advisor to the Soviet Trade Representative in China; from 1991-92 as an Economist and Department Head at the Ministry of Labor; and from 1992-93 as a Senior Specialist in the Ministry of External Economic Relations' Representative Office in Urumchi, China. After working in private business from 1993-94 and as the Executive Director of the Kazakhstani Trading House in Hong Kong, Masimov worked in the banking sector from 1995-2000, finishing as Head of the Board of Halyk Savings Bank. In August 2000 he was appointed Minister of Transport and Communications; and in November 2001, as Deputy Prime Minister. In June 2003 Masimov was appointed Assistant to President Nazarbayev, a position he held until January 2006, when he was appointed Deputy Prime Minister. In April 2006 he was given the additional responsibility of Minister of Economy and Budget Planning, which he held until October 2006. Masimov is married, with two daughters and a son, and speaks Russian, Chinese, English, and Arabic.

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